This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2161

771,166 common shares without par value of which 51,140 are subject to issuance
Ticker abbreviation "TA"
Post section 1.3

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

File

TRANSAIR LIMITED

Incorporated under the Laws of Canada by Letters Patent dated April 8, 1947

Capitalization as at October 31, 1963, reflecting the changes in the capital structure confirmed by Supplementary Letters Patent dated November 29, 1963.

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
70¢ Preference Shares of the par value of $10.00 each	20,000	20,000	nil
Common shares without nominal or par value	2,000,000	404,733	771,166*
* of which 51,140 are subject to issuance.			
FUNDED DEBT			
6% Term Loan	$1,000,000	791,670	nil
6% first Morgage Debenture	2,000,000		
Series "A" due November 15, 1967		299,494	nil
Series "B" due July 25, 1971		169,826	nil
5% NHA Housing Loan		30,963	nil
6% Chattel Mortgage		16,500	nil

December 30, 1963

1. APPLICATION

TRANSAIR LIMITED (hereinafter called "the Company") hereby makes application for the listing on The Toronto Stock Exchange of 771,166 common shares without par value in the capital stock of the Company, of which 404,733 have been issued and are outstanding as fully paid and non-assessable; 51,140 common shares are reserved against the exercise of options and the balance are reserved for issue upon conversion of outstanding Series "A" and Series "B" convertible debentures. Options are outstanding which give the holders the right to purchase the 51,140 common shares at prices ranging from 75¢ to $3.25 per share exercisable on or before various dates, the last of which is May 31, 1967. Until the earlier of November 15, 1967, or the date of redemption, the Series "A" debentures are convertible by the holders thereof into common shares at the rate of 1 common share per $1.30 of principal outstanding. Until the earlier of July 25, 1971, or the date of redemption, the Series "B" debentures are similarly convertible into common shares at the rate of 1 common share per $2.00 of principal outstanding.

2. HISTORY

The Company commenced business on April 8, 1947, under the name Central Northern Airways Ltd.

The Company started operations by taking over the air services, aircraft, facilities and equipment operated by Canadian Pacific Air Lines, Limited, at Sioux Lookout and Pickle Lake, Ontario, Lac du Bonnet, Norway House, Ilford, Gods Lake, Flin Flon and Sherridon, Manitoba.

In July, 1948, the Company took over Aircraft Services (Western) Limited, a company engaged in the overhaul and maintenance of aircraft.

In 1951 the Company took over from Canadian Pacific Air Lines, Limited the Class 1 air service between Winnipeg, Manitoba, and Red Lake, Ontario, and purchased Canadian Pacific's handling and communication facilities and runway maintenance equipment at Red Lake Airport.

In November, 1953, the Company established a charter base at Lynn Lake, Manitoba, complete with communications equipment, office, warehouse, shops and docking facilities and dwelling accommodation for personnel and was awarded a Group "A" classification for operations from all its bases.

In 1955, 1956 and 1957 the Company did work with respect to the construction of the Distant Early Warning project using DC-4, Avro York, Curtiss C-46, Bristol Freighter and C-47 aircraft. These aircraft were principally based at Churchill, Manitoba, but were also involved in operations from a base at Mont Joli in Quebec annd various other DEWLine sites.

In November, 1955, the Company acquired all assets including the protected licenses of Arctic Wings Limited and the name of the Company was changed to TRANSAIR LIMITED, under which new name the Company carried on the operations of both Arctic Wings Limited and the former Central Northern Airways Ltd.

In September, 1957, the Company established and is now operating a regular DC-4 service between Montreal-Ottawa-Winisk and Churchill. Also in September of the same year the Company took over the facilities and the scheduled operations of Canadian Pacific Air Lines, Limited in Manitoba and now operates a regular scheduled service between Winnipeg-Dauphin-The Pas-Flin Flon-Lynn Lake and Winnipeg-The Pas-Churchill.

In 1961 the Company was awarded the contract for all DEWLine Vertical Resupply flying out of Winnipeg and Churchill to the four main sites in the Canadian sector. Also in 1961 a regular scheduled service commenced to the International Nickel Company plant and community at Thompson, Manitoba.

The Company at present operates the largest fleet of bush aircraft, i.e., PBY5A, Norseman, Beaver, Cessna 180's, in the area comprising the Provinces of Alberta, Saskatchewan, Manitoba and Ontario. In addition it holds licenses and operating certificates for the operation of Class "A" or multi-engined aircraft.

The Company, on April 15, 1963, took over T.C.A.'s Prairie Services between Winnipeg, Brandon, Yorkton, Regina, Swift Current, Medicine Hat, Calgary, and between Regina, Saskatoon and Prince Albert.

3. NATURE OF BUSINESS

The Company is engaged in commercial aviation, principally the transportation of passengers, mail, express and freight, in accordance with published rates and fares and also conducts a charter flying service. Attached hereto is Schedule "A" setting forth the source of income of the Company and the number of employees for each of the past five years. On October 31, 1963, the Company had in its employ 346 persons.

4. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated under the laws of Canada by Letters Patent dated April 8, 1947, under the name of Central Northern Airways Ltd. with the following authorized capital stock:

10,000—5% Cumulative Preference Shares of the par value of $10.00 each;

30,000—Class "A" Shares of the par value $10.00 each;

60,000—Class "B" Shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $300,000.00.

By Supplementary Letters Patent dated May 9, 1956, the Company's name was changed to TRANSAIR LIMITED and the authorized capital stock was changed:

(a) by subdividing the 60,000 Class "B" shares without nominal or par value into 1,200,000 Class "B" shares wihout nominal or par value, and

(b) increasing the capital stock of the Company by the creation of 1,800,000 additional Class "B" shares without nominal or par value to rank pari passu in all respects with the said 1,200,000 Class "B" shares, and

(c) by reducing the capital stock of the Company

  (i) by the cancellation of 1,000 issued and outstanding 5% cumulative preference shares of the par value of $10.00 each and the repayment to the holders of the said shares of the amount paid up thereon, and

  (ii) by the cancellation of the said 1,000 5% cumulative preference shares of the par value of $10.00 each, and

(d) restoring to the earned surplus of the Company the sum of $10,000.00 being the amount designated in the books of the Company as the capital surplus resulting from the purchase for cancellation of the said 1,000 5% cumulative preference shares so that the capital of the Company was as follows:

8,000 — 5% Cumulative Preference Shares of the par value $10.00 each;

30,000 — Class "A" Shares of the par value $10.00 each;

3,000,000 — Class "B" Shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $2,000,000.00.

By Supplementary Letters Patent dated November 10, 1958, the authorized capital stock was changed:

(a) by reducing the capital stock of the Company by the cancellation of 1,850 5% cumulative preference shares of the par value of $10.00 each purchased by the Company for cancellation, and

(b) restoring to earned surplus of the Company the sum of $18,500.00 being the amount designated in the books of the Company as the capital surplus resulting from the purchase for cancellation of the said 1,850 5% cumulative preference shares so that the capital stock of the Company was as follows:

6,150 — 5% Cumulative Preference Shares of the par value $10.00 each;

30,000 — Class "A" Shares of the par value of $10.00 each;

3,000,000 — Class "B" Shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $2,000,000.00.

By Supplementary Letters Patent dated June 22, 1961, the authorized capital stock was changed:

(a) by consolidating the 3,000,000 Class "B" shares (both issued and unissued) without nominal or par value of the capital stock of the Company into 600,000 Class "B" shares without nominal or par value, and

(b) increasing the capital stock of the Company by the creation of 1,400,000 additional Class "B" shares without nominal or par value to rank pari passu in all respects with the said 600,000 Class "B" shares without nominal or par value resulting from such consolidation so that the capital stock of the Company was as follows:

6,150 — 5% Cumulative Preference Shares of the par value $10.00 each;

30,000 — Class "A" Shares of the par value $10.00 each;

2,000,000 — Class "B" Shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $7,500,000.00.

By Supplementary Letters Patent dated May 30, 1963, the authorized capital stock of the Company was changed:

(a) by reducing the capital stock of the Company by the cancellation of 3,650 5% cumulative preference shares of the par value of $10.00 each purchased by the Company for cancellation, and

(b) restoring to earned surplus of the Company the sum of $36,500.00 being the amount designated in the books of the Company as the capital surplus resulting from the purchase for cancellation of the said 3,650 5% cumulative preference shares so that the capital stock of the Company was as follows:

2,500 — 5% Cumulative Preference Shares of the par value of $10.00 each;

30,000 — Class "A" Shares of the par value of $10.00 each;

2,000,000 — Class "B" Shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $7,500,000.00.

By Supplementary Letters Patent dated November 29, 1963, the authorized capital stock of the Company was changed:

(a) by cancelling the 2,500 unissued 5% Cumulative Preference Shares of the par value of $10.00 each; and

(b) by cancelling the 10,000 unissued Class "A" Shares of the par value of $10.00 each; and

(c) by redesignating the Class "A" Shares of the par value of $10.00 each as 70¢ Preference Shares and by postponing the time for payment of the unpaid dividends thereon of $3.00 per share accrued up to May 15, 1963, such unpaid dividends no longer to be deemed to be in arrears but to be payable at the time of redemption in respect of each 70¢ Preference Share redeemed; and

(d) by redesignating the Class "B" Shares without nominal or par value as common shares so that the capital stock of the Company is as follows:

20,000 — 70¢ preference shares of the par value of $10.00 each;

2,000,000 — common shares without nominal or par value to be issued for a consideration not to exceed in the aggregate the sum of $7,500,000.00.

5. SHARE ISSUES DURING PAST TEN YEARS

Particulars of the issuance during the past ten years of common shares without nominal or par value of the capital stock of the Company are as follows:

COMMON SHARES

October	1956	93,000 shares for	$114,707.14	(see Note 1)
December	1956	14,600 shares for		(see Note 2)
Jan. to Dec.	1956	11,040 shares for	11,040.00	(see Note 3)
Jan. to Dec.	1958	584 shares for	759.20	(see Note 4)
Jan. to Dec.	1959	2,360 shares for	1,770.00	(see Note 5)
Jan. to Dec.	1961	18,695 shares for	24,313.50	(see Note 4)
Jan. to Dec.	1961	248 shares for	499.00	(see Note 6)
Jan. to Dec.	1961	20,760 shares for	15,570.00	(see Note 5)
Jan. to Dec.	1962	12,999 shares for	16,900.00	(see Note 4)
Jan. to Dec.	1962	37,973 shares for	75,947.00	(see Note 6)
Jan. to Dec.	1962	680 shares for	510.00	(see Note 5)
Jan. to Oct.	1963	5,051 shares for	6,569.00	(see Note 4)
Jan. to Oct.	1963	1,863 shares for	3,727.50	(see Note 6)
Jan. to Oct.	1963	880 shares for	660.00	(see Note 5)
		220,733	$272,972.34	

Note 1 — 93,000 common shares issued in consideration of all the outstanding common shares of Arctic Wings Limited.

Note 2 — 14,600 common shares issued to the Industrial Development Bank as a bonus re $1,500,000.00 Debenture (now retired).

Note 3 — 11,040 common shares issued under employee option agreement @ $1.00 per share.

Note 4 — 37,329 common shares issued under conversion privilege on Series "A" Debentures @ $1.30 per share.

Note 5 — 24,680 common shares issued under employee option agreement @ .75¢ per share.

Note 6 — 40,084 common shares issued under conversion privilege on Series "B" Debentures @ $2.00 per share.

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders. The 70¢ preference shares have attached thereto the following preference, priorities, rights, privileges, powers, limitations, conditions and restrictions:

(a) The holders of the 70¢ preference shares are entitled to receive fixed cumulative preferential dividends at the rate of 70¢ per share per annum payable semi-annually on the 15th days of May and November in each year and the holders thereof are not entitled to any dividend other than or in excess of the dividend hereinbefore referred to.

(b) The 70¢ preference shares rank both as regards dividend and re-payment of capital in priority over all other shares of the Company but do not confer any further right to participate in profits or assets.

(c) Except with the prior consent of 51% of the holders of the 70¢ preference shares the Company may not issue any shares having preference over or ranking pari passu with the 70¢ preference shares.

(d) The holders of the preference shares shall be entitled to notice of and to vote at any special and general meetings of the common shareholders of the Company at any time that the Company has failed to pay in the aggregate two semi-annual dividends upon the 70¢ preference shares.

(e) The Company may, upon giving not less than 30 days notice, redeem the whole or any part of the 70¢ preference shares on payment of the sum of $10.50 plus the postponed dividend of $3.00 on each 70¢ preference share together with all accrued and unpaid dividends thereon.

(f) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the 70¢ preference shares are entitled to receive, before any distribution of any part of the assets of the Company among the holders of any other shares, the sum of $10.50 plus the postponed dividend of $3.00 on each 70¢ preference share together with all accrued and unpaid dividends thereon.

(g) The authorization for an application for the issue of supplementary letters patent to alter the above may be given by at least three-fourths (¾) of the votes cast at a meeting of the holders of the 70¢ preference shares called for that purpose.

7. DIVIDEND RECORD

5% PREFERENCE CUMULATIVE SHARES

DATE PAID	RATE	AMOUNT OF DIVIDEND
Nov. 15, 1951	5%	$ 3,750.00
Dec. 15, 1952	5%	3,750.00
June 15, 1953	2½%	1,875.00
Nov. 15, 1953	2½%	1,875.00
May 15, 1954	2½%	1,875.00
Nov. 15, 1954	2½%	1,875.00
May 15, 1955	2½%	1,875.00
Nov. 15, 1955	2½%	1,625.00
May 15, 1956	2½%	1,625.00
Nov. 15, 1956	2½%	1,375.00
May 15, 1957	2½%	1,375.00
Mar. 20, 1958	2½%	912.50
Mar. 11, 1963	2½%	9,125.00
	TOTAL	$ 32,912.50

The 5% Preference Cumulative Shares were deleted from the capital stock of the Company by Supplementary Letters Patent dated November 29, 1963.

70¢ PREFERENCE SHARES

DATE PAID	RATE	AMOUNT OF DIVIDEND
Nov. 15, 1951	50¢	$ 10,000.00
Dec. 15, 1952	50¢	10,000.00
June 15, 1953	25¢	5,000.00
Nov. 15, 1953	25¢	5,000.00
Nov. 15, 1954	25¢	5,000.00
July 11, 1955	25¢	5,000.00
Dec. 15, 1955	75¢	15,000.00
July 10, 1956	25¢	5,000.00
Nov. 30, 1956	25¢	5,000.00
June 10, 1957	25¢	5,000.00
Dec. 30, 1963	35¢	7,000.00
	TOTAL	$ 77,000.00

The arrears outstanding as at October 31, 1963, were $3.00 per share totalling in the aggregate the sum of $60,000.00. The Supplementary Letters Patent dated November 29, 1963, provided that the said unpaid dividends would no longer be deemed to be in arrears but would be payable at the time of redemption in respect of each 70¢ preference share. There are no arrears of dividends on December 30, 1963.

8. RECORD OF PROPERTIES

LAND AND BUILDINGS

The Company owns two hangars, a stores building and a transmitter building and the land on which they are constructed at St. James, Manitoba. The Company also owns a hangar building constructed on land leased from the Crown at St. James, Manitoba.

The Company owns eighteen building lots in the Town of Churchill on which are situate eight dwelling buildings and four trailers. It also owns a hangar constructed on land leased from the Crown.

At Lynn Lake, Manitoba, the Company owns three dwelling buildings and the land on which they are constructed. At Ilford and Lac du Bonnet, Manitoba, and Sioux Lookout, Ontario, the Company owns land and the buildings thereon used as offices, waiting rooms, workshop, warehouses and other facilities.

At Red Lake and Pickle Lake, Ontario, Bissett, Island Lake, Cold Lake, Lac du Bonnet, Norway House, Eldon Lake, Farnsworth Lake and Wabowden, in Manitoba, the Company has offices, waiting rooms, warehouses and other facilities constructed on leased land.

AIRCRAFT

The Company owns thirty aircraft — one Viscount, five Douglas DC-4's, six Douglas DC-3's, six Norseman, one Bellanca, three Dehavilland Beaver, four Canso PBY5A, two Ansons, one Cessna and one Avro York. The Company owns ground radio equipment, loading equipment, handling equipment, trucks and other fixed and mobile equipment used in its operations and located at the various places heretofore mentioned. The condition of these properties ranges from fair to excellent.

9. SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries both of which are at present inactive.

AIRCRAFT SERVICES (WESTERN) LIMITED

Incorporated under the Laws of Canada by Letters Patent, dated January 2, 1946. The Authorized Capital Stock consists of 5,000 shares without nominal or par value which may be issued for a consideration not to exceed in the aggregate the sum of $50,000.00 of which 2,000 shares have been issued as fully paid and non-assessable shares for $6,000.00 and are all owned by the Company.

ARCTIC WINGS LIMITED

Incorporated under the Laws of Canada as a private Company by Letters Patent dated June 7, 1947. The Capital Stock was altered by Supplementary Letters Patent dated October 7, 1955, and at present consists of 7,500 6% Cumulative Redeemable Preference Shares of a par value of $100.00 each, and 25,000 common shares of a par value of $1.00 each. 21,744 common shares have been issued as fully paid and non-assessable shares and are all owned by the Company.

10. FUNDED DEBT

TERM LOAN

The Company has outstanding a term loan of $1,000,000.00 from the Bank of Montreal, payable at the rate of $250,000.00 per annum, plus interest at 6% secured by the 6% first mortgage debenture hereinafter referred to. The balance owing on the loan as at October 31, 1963, was $791,670.00.

DEBENTURE DEBT

The Bank of Montreal holds, inter alia, as collateral for the term loan the 6% first mortgage debenture of the Company in the amount of $2,000,000.00 payable on demand giving a first fixed and floating charge on the assets of the Company. As a condition of this debenture the Company covenants that it will not, without the consent of the Bank, (a) make capital expenditures exceeding $100,000.00 in any fiscal year; (b) redeem any of the 70¢ preference shares; (c) pay any dividends on the common shares; or (d) prepay any of the Series "A" or Series "B" convertible subordinated debentures.

The Series "A" 6% ten year convertible subordinated debentures of $299,494.00 as at October 31, 1963 are due November 15, 1967. Interest is payable semi-annually from June 30, 1958. They are callable at par and convertible into common shares as set forth in the first paragraph of this statement.

The Series "B" 6% ten year convertible subordinated debentures of $169,826.00 as at October 31, 1963, are due July 25, 1971. Interest is payable semi-annually from December 31, 1961. They are callable at par and convertible into common shares as set forth in the first paragraph of this statement.

MORTGAGE LOAN

The N.H.A. housing loans of $30,963.00 as at October 31, 1963, on property at Churchill, Manitoba, are held by The Royal Bank of Canada and are repayable in equal monthly installments with interest at 5%.

CHATTEL MORTGAGE

The Canadian Pacific Air Lines, Limited mortgage on one hangar building, at St. James, Manitoba, is repayable in equal annual installments with interest at 6%. The principal sum outstanding as at October 31, 1963, was $16,500.00.

TOTAL FUNDED DEBT

The total funded debt as at October 31, 1963, was $1,308,453.00.

11. OPTIONS

There are outstanding stock option agreements to the undernoted employees totalling 51,140 shares. Details of these options are as follows:

NAME OF EMPLOYEE	EXPIRY DATE OF OPTION	NO. OF SHARES OPTIONED	PRICE PER SHARE
R. Busch	Mar. 31, 1964	200	75¢
C. J. Sherwood	Mar. 12, 1964	160	75¢
D. M. Rose	Mar. 12, 1965	220	75¢
G. R. Harbottle	Mar. 12, 1964	40	75¢
W. Pattern	Mar. 12, 1964	40	75¢
W. W. Wright	Mar. 12, 1964	40	75¢
H. P. Clark	Mar. 12, 1964	40	75¢
D. R. B. Mackenzie	Dec. 15, 1965	200	75¢
G. M. Clark	Dec. 15, 1965	200	75¢
R. D. Turner	May 31, 1967	25,000	3.25
G. H. Sellers	May 31, 1967	25,000	3.25

There are no underwriting agreements outstanding. There are no issued shares of the Company held for the benefit of the Company.

OTHER RESERVED SHARES

Until the earlier of November 15, 1967, or the date of redemption, each holder of a Series "A" debenture may at his option convert such debenture into fully paid non-assessable common shares without par value of the Company at the rate of one common share per $1.30 of principal outstanding (no fractional shares will be issued).

Until the earlier of July 25, 1971, or the date of redemption each holder of a Series "B" debenture may at his option convert such debenture into fully paid non-assessable common shares without par value of the Company at the rate of one common share per $2.00 of principal outstanding (no fractional shares will be issued).

12. LISTING ON OTHER STOCK EXCHANGES

The 70¢ preference shares and the common shares of the Company are listed on the Winnipeg Stock Exchange.

13. STATUS UNDER SECURITIES ACTS

The Company filed prospectuses with the Manitoba and British Columbia Securities Commissions relating to the issue of 20,000 Class "A" shares (now the 70¢ preference shares) and 20,000 Class "B" shares (now the common shares) to the public in May, 1947.

14. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

15. ANNUAL MEETING

The By-laws of the Company provide that the annual meeting of the shareholders shall be held once each year at such hour and place and on such day within four months after the expiration of each fiscal year of the Company as the directors may decide. The last annual meeting of the Company was held on April 29, 1963.

16. HEAD AND OTHER OFFICES

The head office of the Company is:

Hangar No. 5,
Winnipeg International Airport,
St. James, Manitoba.

The Company maintains sales and other offices at the following locations:

City Ticket Office, 210 Portage Ave., Winnipeg, Man.
Montreal International Airport, Dorval, P.Q.
Ottawa Airport, P.O. Box 809, R.R. 5, Ottawa, Ont.
Churchill, Manitoba
Thompson, Manitoba
Lynn Lake, Manitoba
Flin Flon, Manitoba
The Pas, Manitoba
Lac du Bonnet, Manitoba
Norway House, Manitoba
Sioux Lookout, Ontario
Pickle Lake, Ontario
Wabowden, Manitoba
Dauphin, Manitoba
Winisk, Ontario
Island Lake, Manitoba
Red Lake, Ontario
Brandon Airport, Brandon, Manitoba
Yorkton Airport, Yorkton, Saskatchewan
Regina Municipal Airport, Regina, Saskatchewan
Swift Current Airport, Swift Current, Saskatchewan
Municipal Airport, Medicine Hat, Alberta
Calgary Municipal Airport, Calgary, Alberta
Saskatoon Airport, Saskatoon, Saskatchewan
Municipal Airport, Prince Albert, Saskatchewan

17. TRANSFER AGENT

The Company's transfer agent for all shares in the capital stock of the Company is The Royal Trust Company at the Trust Company's offices at Winnipeg and Toronto.

18. TRANSFER FEES

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. REGISTRAR

The Royal Trust Company at its offices in Winnipeg and Toronto is the registrar for all shares in the capital stock of the Company.

20. AUDITORS

The auditors of the Company are Deloitte, Plender, Haskins & Sells, Chartered Accountants, 60 Osborne Street North, Winnipeg 1, Manitoba.

21. OFFICERS

The officers of the Company are:

Office	Name	Home Address
Chairman of the Board	George Henry Sellers	131 Ridgedale Crescent, Charleswood, Manitoba.
President	Ronald David Turner, Q.C.	206 Waverley Street, Winnipeg 9, Manitoba.
Vice-President	Alexander Graham Bailey	319 - 40th Avenue, S.W., Calgary, Alberta.
Secretary-Treasurer	Frederick Charles McKay	45 Harmon Avenue, St. James, Manitoba.

22. DIRECTORS

The directors of the Company are:

Name	Home Address
Milton Ernest Ashton	117 Wexford Street, Charleswood, Manitoba.
Alexander Graham Bailey	319 - 40th Avenue, S.W., Calgary, Alberta.
John Noel Thompson Bulman	967 McMillan Avenue, Winnipeg, Manitoba.
Frederick Charles Mannix	R.R. 3, Calgary, Alberta.
George Henry Sellers	131 Ridgedale Crescent, Charleswood, Manitoba.
Ronald David Turner, Q.C.	206 Waverley Street, Winnipeg 9, Manitoba.
Robert Murray Turner	20 Edgar Street, Toronto 5, Ontario.
Conrad Sanford Riley	135 Middlegate, Winnipeg 1, Manitoba.
Walter Murray Auld	293 Overdale Street, St. James, Manitoba.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Transair Limited hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

TRANSAIR LIMITED

"R. D. TURNER",
President.

Corporate Seal

"F. C. McKAY",
Secretary-Treasurer.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Common stock as of October 31st, 1963.

Number			Shares
171	Holders of	1 — 99 share lots	5,808
122	" "	100 — 199 " "	13,280
73	" "	200 — 299 " "	15,015
20	" "	300 — 399 " "	6,236
26	" "	400 — 499 " "	10,520
47	" "	500 — 999 " "	28,262
65	" "	1000 — up " "	325,612
524	Shareholders	Total shares	404,733

Schedule "A"

TRANSAIR LIMITED
and its wholly-owned subsidiaries

ARCTIC WINGS LIMITED AND AIRCRAFT SERVICES (WESTERN) LIMITED

Annual Operating Revenues (By Source)
(Dollars)

Period 1958 to 1962

Operating Revenues					
Unit Toll Transportation	1958	1959	1960	1961	1962
Passengers	1,265,725	1,449,127	1,466,904	1,669,089	1,876,697
Mail	175,844	182,436	197,693	213,340	244,888
Freight	455,266	377,984	283,243	266,841	308,866
Express	—	—	19,667	20,074	24,877
Excess Baggage	31,049	29,856	29,613	26,760	22,327
Total Unit Toll Transportation	1,927,844	2,039,403	1,997,120	2,196,104	2,477,655
Bulk Transportation	1,090,002	739,117	771,981	1,896,282	2,731,195
Other Flying Services	—	51,022	54,510	77,052	—
Total Flying Services	3,017,886	2,829,542	2,823,611	4,169,438	5,208,850
Non-Flying Services	30,385	38,237	37,221	32,472	28,747
Total Operating Revenues	3,048,271	2,867,779	2,860,832	4,201,910	5,237,597
Average Number of Employees	237	208	206	252	310

FINANCIAL STATEMENTS

TRANSAIR LIMITED

and wholly-owned subsidiary companies

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1963

(with 1962 figures for comparison)

ASSETS

	1963	1962
Current Assets:		
Cash	$ 27,329	$ 94,457
Accounts receivable, less allowance for doubtful accounts — 1963 - $23,880; 1962 - $25,479	831,257	515,649
Inventories of parts, supplies, gasoline and oil — at cost	372,299	358,721
Prepaid expenses	36,110	73,864
Total current assets	$ 1,266,995	$ 1,042,691
Fixed Assets — at cost (Note 2):		
Aircraft and equipment	$ 3,304,212	$ 3,240,071
Land, buildings and ground equipment	1,309,653	1,286,816
	$ 4,613,865	$ 4,526,887
Less accumulated depreciation and provision for overhaul	3,090,411	2,598,385
Net fixed assets	$ 1,523,454	$ 1,928,502
Total	$ 2,790,449	$ 2,971,193

LIABILITIES

	1963	1962
Current Liabilities:		
Bank loan — secured	$ —	$ 193,000
Accounts payable and accrued liabilities	610,573	577,190
Estimated income taxes	92,232	—
Payments on long-term debt due within one year	260,252	260,252
Total current liabilities	$ 963,057	$ 1,030,442
Long-term Debt:		
Special term bank loan — secured (Note 3)	$ 750,004	$ 1,000,000
Other long-term debt (Note 4)	47,841	56,053
	$ 797,845	$ 1,056,053
Less payments due within one year	260,252	260,252
	$ 537,593	$ 795,801
Debentures:		
6% First mortgage debenture, payable on demand issued as collateral for bank advances $2,000,000		
6% Subordinated debentures callable at par convertible into common shares Series "A" due November 15, 1967	$ 297,495	$ 304,063
Series "B" due July 25, 1971	169,826	173,553
Total long-term debt	$ 1,004,914	$ 1,273,417
Capital Stock and Surplus:		
Capital Stock (Note 5):		
Authorized:		
20,000 70¢ preference shares of a par value of $10.00 each, redeemable at $10.50 per share plus the postponed dividend of $3.00 per share and entitled to a cumulative dividend of 70¢ per share per annum		
2,000,000 common shares of no par value		
Issued and fully paid:		
3,650 5% preference shares	$ —	$ 36,500
20,000 70¢ preference shares	200,000	200,000
404,733 common shares	353,723	342,766
Total capital stock	$ 553,723	$ 579,266
Earned surplus	268,755	88,068
Total capital stock and surplus	$ 822,478	$ 667,334
Total	$ 2,790,449	$ 2,971,193

Signed on behalf of the Board:

"G. H. SELLERS",
Director.

"R. D. TURNER",
Director.

The attached notes are an integral part of the financial statements.

AUDITORS' REPORT

To the Shareholders of

TRANSAIR LIMITED:

We have examined the consolidated balance sheet of TransAir Limited and its wholly-owned subsidiary companies as at December 31, 1963 and the statement of consolidated profit and loss and earned surplus for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies the accompanying consolidated balance sheet and statement of consolidated profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1963 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

"DELOITTE, PLENDER, HASKINS & SELLS"
Chartered Accountants.

Winnipeg, Canada,

February 17, 1964.

TRANSAIR LIMITED

and wholly-owned subsidiary companies

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1963

(with 1962 figures for comparison)

PROFIT AND LOSS

	1963	1962
OPERATING REVENUE	$ 5,646,029	$ 5,239,414
OPERATING EXPENSES (except depreciation and provision for overhaul):		
General operating and administrative expenses	$ 4,293,366	$ 3,850,276
Interest	93,625	112,548
Remuneration of executive officers and directors	42,668	37,407
	$ 4,429,659	$ 4,000,231
OPERATING PROFIT before the following deductions	$ 1,216,370	$ 1,239,183
Depreciation	288,178	370,477
Provision for overhauls	637,117	566,410
DEWline preparatory costs written off	—	105,151
	$ 925,295	$ 1,042,038
Less gain (loss) on disposal of fixed assets	20,737	(4,365)
	$ 904,558	$ 1,046,403
NET PROFIT BEFORE INCOME TAXES	$ 311,812	$ 192,780
ESTIMATED INCOME TAXES (Note 6)	115,000	—
NET PROFIT FOR THE YEAR	$ 196,812	$ 192,780

EARNED SURPLUS

		1963	1962
EARNED SURPLUS AT BEGINNING OF YEAR		$ 88,068	$ 107,369
ADD:			
Net profit for the year		196,812	192,780
		$ 284,880	$ 300,149
DEDUCT:			
Dividends paid			
On 5% preference shares	$ 9,125		
On 70¢ preference shares	7,000	16,125	—
Deferred costs, mainline routes, written off		—	212,081
EARNED SURPLUS AT END OF YEAR		$ 268,755	$ 88,068

The attached notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1963

1. Subsidiary Companies

The balance sheet includes the assets and liabilities, after eliminating inter-company items of the wholly-owned subsidiary companies Arctic Wings Limited and Aircraft Services (Western) Limited. These companies are not active.

2. Fixed Assets

During the year the company acquired certain assets, principally one Viscount and two DC3 aircraft and related stores and equipment under an agreement with Trans-Canada Air Lines. The consideration for the purchase was $1.00 and other valuable consideration and the assets have been valued at $1.00 in the accounts of the company. It is a condition of the agreement that should the company discontinue operation of the prairie routes within three years from April 15, 1963 except as authorized by the Air Transport Board, it must then make a cash payment of that proportion of $500,000 which the period of discontinuance bears to three years or at the option of the company return an equivalent portion of the equipment and related stores received.

3. Special Term Loan

The special term loan of $750,004 from the Bank of Montreal is to be reduced at the rate of $250,000 per annum plus interest at 6%.

The Bank of Montreal holds inter alia as collateral the 6% debenture of the company in the amount of $2,000,000 payable on demand giving a first fixed and floating charge on the assets of the company. As a condition of this debenture the company covenants that it will not without the consent of the bank (a) redeem any of the 70¢ preference shares, (b) pay any dividends on the common shares or (c) prepay any of the Series "A" or Series "B" convertible subordinated debentures.

4. Other Long-Term Debt

This consists of:

	Debt	Payments due in 1964
Chattel mortgage held by Canadian Pacific Airlines Limited	$ 16,500	$ 5,500
N.H.A. housing loans on property at Churchill, Manitoba, held by The Royal Bank of Canada	31,341	4,752
	$ 47,841	$ 10,252

5. Capital Stock

Supplementary Letters Patent dated November 29, 1963 reduced and redesignated the authorized share capital to that shown in the balance sheet and postponed the arrears of dividends on the 70¢ preference shares (previously Class "A" shares) amounting to $3.00 per share or $60,000 until redemption of the shares or winding up of the company.

On March 11, 1963, 3,650 5% preference shares of a par value of $10.00 each outstanding at December 31, 1962 were redeemed at par and arrears of dividends on these shares amounting to $9,125 were paid concurrently.

Details of changes during the year in the common shares (previously Class "B" shares) are as follows:

As at December 31, 1962	396,939	shares	$ 342,766
Issued under conversion rights exercised by holders of subordinated debentures:			
Class "A" — one share for each $1.30 of debentures held (no fractional shares issued)	5,051	"	6,569
Class "B" — one share for each $2.00 of debentures held (no fractional shares issued)	1,863	"	3,728
Issued to employees under stock options at 75¢ per share	880	"	660
As at December 31, 1963	404,733	"	$ 353,723

Options are outstanding to certain officers and employees to purchase 50,000 common shares at $3.25 per share and 1,140 shares at 75¢. The options must be exercised on or before various dates, the latest of which is May 31, 1967.

6. Estimated Income Taxes

Estimated income taxes as shown in the statement of consolidated profit and loss are after a reduction of approximately $35,000 because of the company's intention to claim, as allowed by tax regulations, capital cost allowance and overhaul expenditures which together are in excess of depreciation and provision for overhauls recorded in the accounts. The accumulated amount to date by which taxes have been so reduced is approximately $197,000.

THE TORONTO STOCK EXCHANGE

4/29/70

FILING STATEMENT NO. 1730
FILED APRIL 16, 1970.

TRANSAIR LIMITED
Full corporate name of Company

Incorporated under the Laws of Canada
by Letters Patent dated April 8, 1947
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other thing an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Sale by way of private placement of 300,000 Common Shares of Treasury Stock, August 25th, 1969, and granting of options to purchase 400,000 Common Shares and agreement to sell by way of private placement a further 43,000 Common Shares of Treasury Stock (refer Item No. 6 (a), (b) and (c)). (b) Acquisition of all the issued and outstanding shares of Midwest Airlines Ltd., by the issuance of 739,000 Common Shares (refer Item No. 6(d)). SEE SCHEDULE "A" on pages 3 to 5 incl. (c) Increase in the authorized capital to 5,000,000 Common Shares without Par Value, to be issued for an aggregate consideration not in excess of $10,000,000 for which Supplementary Letters Patent have been obtained.
2. Head office address and any other office address.	Winnipeg International Airport, Winnipeg 21, Manitoba, Canada.

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.

Office	Name	Address	Occupation
President, General Manager & Director	James Stuart McBride	3400 Assiniboine Avenue, Winnipeg 22, Manitoba.	Airline Executive
Director	Peter A. Allen	18 Thornwood Road, Toronto 5, Ont.	Company Executive
Director	John C. L. Allen	3 Clarendon Crescent, Toronto, Ont.	Broker
Director	Cecil N. Blankstein	268 Academy Road, Winnipeg 9, Man.	Architect
Director	Roderick H. McIsaac	14 Wilket Road, Willowdale 430, Ont.	Company Executive
Director	Arthur V. Mauro, QC	9 Ormsby Crescent, Toronto 199, Ont.	Lawyer
Director & Chairman	Donald J. Wilkins	64 Garfield Avenue, Toronto 7, Ont.	Company Executive
Vice President	Roy A. Morrison	85 Harrow Street, Winnipeg 9, Man.	Executive
Vice President	Daniel A. McDougall	280 Morgan Crescent, Winnipeg 22, Man.	Executive
Vice President	Frank W. Weipert	53 Oak Street, Winnipeg 9, Man.	Executive
Secretary	Frederick C. McKay	45 Harmon Avenue, Winnipeg 12, Man.	Company Secretary

4. Share capitalization showing authorized and issued and outstanding capital.

By Supplementary Letters Patent dated December 11th, 1969, the authorized capital stock of the Company was changed:

(a) by increasing the capital of the Company by the creation of three million (3,000,000) additional common shares without par value to rank pari passu in all respects with the said two million (2,000,000) common shares without par value of the capital of the Company heretofore authorized so that the authorized capital stock of the Company is as follows:

20,000	70¢ Preference Shares of a Par Value of $10.00 each; redeemable at $10.50 per share plus postponed dividends of $3.00 per share as at May 15th, 1963 and entitled to a cumulative dividend of 70¢ per share per annum after that date.
5,000,000	Common Shares without Par Value to be issued for a consideration not to exceed in the aggregate the sum of $10,000.

Issued and Outstanding Capital

20,000	70¢ Preference Shares of the Par Value of $10.00 each;
2,032,371**	Common shares without Par Value.

**After giving effect to the issuance of 739,000 shares (refer Item 6(d), and to the issuance of 21,500 shares (refer Item 6(c)).

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

Bank Loan

The Company has outstanding a loan of $885,000 from the Bank of Montreal, repayable on demand.

Debenture Debt

The Bank of Montreal holds inter alia as collateral for its loan the 6% debenture of the Company in the amount of $2,000,000 payable on demand giving a fixed and floating charge on the assets of the Company, with the exception of the two YS-11A and the one DC-6AB aircraft and their support equipment, and a general assignment of book debts. As a condition of the debenture the Company covenants that it will not, without the consent of the Bank, redeem any of the 70¢ Preference Shares or pay any dividends on the Common Shares.

Secured Notes

In the amount of $4,598,385, secured by a charge against the YS-11-A aircraft and equipment, payable in monthly installments of principal and interest at 6½% of $48,966 U.S. and a final payment of $797,490 U.S. due August 1, 1978.

Mortgage Loan

N.H.A. housing loans of $9,096 as at December 31st, 1969, on property at Churchill, Manitoba, are held by the Royal Bank of Canada and are repayable in equal monthly installments with interest at 5%.

Conditional Sales Agreement

In the amount of $261,593 covering the purchase of one DC-6AB aircraft and equipment, payable without interest in monthly installments of $18,000.

5. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

(a) The Company sold on August 25th, 1969, 300,000 Common Shares at $5.00 each from Treasury, to Little Long Lac Gold Mines Limited (100,000), and to Great Northern Capital Corporation Limited (200,000).

(b) The Company optioned on August 29th, 1969, 400,000 Common Shares at $5.00 each to Little Long Lac Gold Mines Limited (200,000), and to Great Northern Capital Corporation Limited (200,000), these options expire August 30th, 1972.

(c) The Company has agreed to sell 43,000 Common Shares at $5.00 each to Great Northern Capital Corporation Limited as consideration for Great Northern assuming a commitment by Transair amounting to $14,000,000 (approx) covering the purchase of two Boeing 737 jet aircraft and spare equipment; said aircraft to be delivered in 1970, and leased to Transair over 140 months with the right of acquisition provided thereon. The shares will be allotted upon delivery of the aircraft. To date one aircraft has been delivered and 21,500 shares have been allotted.

(d) The Company has made an offer to purchase all of the outstanding and issued shares of Midwest Airlines Ltd. totalling 600,000 Common Shares; the consideration of which will be the issuance from Treasury of 1.23166 Common Shares of the capital stock of the Company for each one share of the capital stock of Midwest. This will require 739,000 Common Shares of the capital stock of the Company. This acquisition is conditional upon the approval of the Toronto Stock Exchange, the Winnipeg Stock Exchange and other Governmental authorities.

Shares of Transair Limited acquired through the transactions (a), (b), (c) and (d) above (other than an amount of 50,000 shares to be issued to J. S. McBride pursuant to the transaction described in 6(d)) will be held for investment purposes for a minimum period of six months.

The Company has previously filed a statement in respect to the following options or allotments;

(e) Share options to key employees under an Employee Stock Option Plan for a total of 55,000 shares in various amounts and at prices from $4.61 to $6.25 per share expiring from November 1, 1972 to March 14, 1974.

(f) Share option to Wilfield Management Consultants Limited for 8,774 shares at $5.00 per share expiring April 7th, 1970.

(g) An allotment of 25,000 shares at a price of $4.61 for consideration of an interest free note for $115,250 payable on or before June 11, 1973.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.

Great Northern Capital Corporation Limited,
123 Edward Street,
Toronto 101, Ontario.

Little Long LacGold Mines Limited,
112 King Street West,
Toronto 1, Ontario.

Both of the above are public companies and each have two Directors on the Board of Transair Limited.

SCHEDULE "A"

INFORMATION RE ACQUISITION OF MIDWEST AIRLINES LTD.

On November 7, 1969 the following communication was sent to the shareholders of Transair Limited:

"The Board of Directors in announcing the proposed acquisition of Midwest Airlines Ltd. stated: "the merger of the two companies will result in higher standards of service and provide a strong financial base for future development of the company".

The following information deals with the background of Midwest Airlines Ltd.:

MIDWEST AIRLINES LTD.

Midwest Airlines Ltd. was incorporated on May 2nd, 1969, as a result of the merger between Midwest Aviation Limited and Northland Airlines Limited.

Midwest Aviation Ltd. was incorporated in 1957 by Mr. J. S. McBride and in the initial stages provided a charter service using light aircraft in addition to acting as a dealer for Piper Aircraft. In 1961 the company introduced a helicopter division and has been involved in work for Governmental agencies, mining and oil exploration companies, transportation of personnel and forest protection. In 1967 Midwest Aviation Ltd. received authority to provide certain routes with scheduled daily services and the company introduced turbo-prop aircraft to serve some points in Northern Manitoba.

Northland Airlines Limited was established to support a fisheries enterprise in Northern Manitoba. During some 20 years of operation the company developed a fleet of amphibious aircraft to serve scheduled routes in Northern Manitoba and Northwestern Ontario, and provided charter and water bombing services.

Midwest Airlines Ltd. offers a complete package of aviation services, including scheduled and charter operations using both fixed wing and helicopter equipment. In addition, the company operates a sales outlet for Piper Aircraft and a radio shop facility which sells and services aircraft radios and electronic equipment for the industry.

The scheduled routes of the company serve forty bases and designated points in Northern Manitoba and Northwestern Ontario. A charter service is provided out of Winnipeg and from many of its northern points. An international charter licence for Class A aircraft has been granted to the company and this phase of its operations is conducted out of Winnipeg to various points in the United States.

The helicopter fleet consists of seventeen machines ranging in size from the 2-place Bell 47G2 piston type series to the large 15-place turbine variety. Charters are performed in Manitoba, Saskatchewan, the Northwest Territories and the Yukon.

Operations are conducted out of hangar facilities at the Winnipeg International Airport. In addition, the company owns an eight-hundred acre base at Netley, Manitoba which is comprised of a hangar and three 5,280-foot runways. Presently the Netley base is used for heavy maintenance with the Winnipeg facility providing the running maintenance. The Company employs one hundred and fifty persons.

Flying operations are conducted in accordance with the terms of licences granted by the Air Transport Committee and authorize the Company to provide:

Class 2 - Regular specific point service transporting persons, mail, or goods by aircraft serving designated points on a route pattern at a toll per unit.

Class 3 - Irregular specific point service providing transportation of persons, mail or goods from designated bases serving a defined area or a specific point at a toll per unit.

Class 4 - Charter air service providing transportation of persons or goods from a designated base at a toll per mile or per hour for the charter of the entire aircraft. The company is authorized to perform this service with either fixed wing or helicopter equipment.

Class 7 - Specialty air services such as aerial photography, survey, inspection, reconnaissance and advertising. The company is authorized to perform these services with either fixed wing or helicopter equipment.

Class 9-4 - International non-scheduled charter service providing the transportation of persons or goods between Canada and the United States from a base at Winnipeg.

Midwest Airlines Ltd. and its predecessor, Midwest Aviation Limited have both been profitable operations since their incorporation. The growth of the company was accelerated during the past 5 years with 1967 and 1968 showing the greatest improvement. Year to date 1969 has been the best in the company's history in terms of both volume and profit."

The foregoing supplied historical back ground information in regard to Midwest. In addition Transair Limited requested a projection from its auditors, Deloitte, Plender, Haskins & Sells and on a projected basis the under-noted comments were supplied:

1. The acquisition of Midwest Airlines Ltd. for stock of Transair Limited will have a beneficial affect on the cash flow of the merged enterprise.

2. On the basis of 739,000 treasury shares of Transair Limited being issued at an approximate market value of $5.00 each, the total consideration is $3,695,000. Projected earnings for Midwest, for the eight months ended December 31, 1969 were shown as $393,000, after adjusted depreciation and normalized income taxes (the actual figure was $312,000). The return on investment was projected to be between 10% and 11%. Earnings for 1970 and 1971 are anticipated to increase. Operations in 1968 and prior years have been profitable according to a five year summary of combined earnings of Midwest and Northland, prepared by Midwest's auditors.

3. Combined earnings and earnings per share will show marked improvement in the period to December 31, 1971. The affect of earnings per share in the longer term is not readily measurable.

4. There are definite opportunities for tax planning resulting from the acquisition.

5. Purchase of one major aircraft unit can be deferred by integration of the two fleets.

6. Saving on integration appear possible, particularly in certain administration and management functions where there is some redundancy of personnel. Interest costs should also decline.

The points outlined above were used by the auditors in their projection.

For Transair Limited it was assumed that approval would be received from the Air Transport Committee for the Toronto run (this approval has now been received) and the basic figures used for Transair throughout are those prepared by Price, Waterhouse & Company dated August 1969, modified to give effect to:

(a) No acquisition of one major aircraft anticipated therein.

(b) An upward revision in maintenance and flying costs.

(c) Recognition of deferred income taxes where considered appropriate.

In the opinion of Transair management, operational savings can be effected through the adjustment of the route patterns of both companies and through the better utilization of the fleet equipment available in the merged enterprise.

Transair have applied to the Air Transport Committee of the Canadian Transportation Commission and have met their requirements. The acquisition and the merger of the operations has received approval of this Governmental authority.

FINANCIAL STATEMENTS

TRANSAIR LIMITED

(Incorporated under The Canada Corporations Act)

BALANCE SHEET AS AT DECEMBER 31, 1969

(with 1968 figures for comparison)

ASSETS

	1969	1968
CURRENT ASSETS:		
Cash	$ 61,471	$ 71,582
Accounts receivable	977,474	857,581
Recoverable equipment deposits (Note 2)	641,971	-
Inventories of parts, supplies, gasoline and oil - at cost	746,700	589,880
Prepaid expenses	90,364	124,157
Current portion of mortgage receivable	12,563	11,778
Total current assets	2,530,543	1,654,978
MORTGAGE RECEIVABLE - less current portion	13,500	22,500
INVESTMENT IN SHARES OF WHOLLY-OWNED SUBSIDIARY COMPANIES - at cost (Note 1):		
Midwest Airlines Ltd.	3,695,000	-
Aircraft Services (Western) Limited	515	515
Arctic Wings Limited	81,670	81,670
	3,777,185	82,185
DEPOSITS UNDER EQUIPMENT PROGRAM (Note 2)	-	264,963
FIXED ASSETS (Note 3):		
Aircraft and flight equipment	8,730,872	8,234,720
Land, buildings and ground equipment	1,425,804	1,414,170
	10,156,676	9,648,890
Less accumulated depreciation and amortization	3,887,139	3,346,069
Net fixed assets	6,269,537	6,302,821
DEVELOPMENTAL AND FLEET PRE-OPERATING COSTS - less amounts amortized (Note 4)	186,734	153,467
TOTAL	$12,777,499	$8,480,914

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968
CURRENT LIABILITIES:		
Bank loan (Note 5)	$ 885,000	$ 817,000
Accounts payable and accrued liabilities	1,878,351	1,602,932
Current portion of long-term debt	532,444	518,778
Total current liabilities	3,295,795	2,938,710
ADVANCES FROM WHOLLY-OWNED SUBSIDIARY COMPANIES	90,048	90,048
LONG-TERM DEBT, less current portion included above (Note 6)	4,336,630	4,162,289
SHAREHOLDERS' EQUITY:		
Capital stock (Note 7):		
70¢ preference shares	200,000	200,000
Common shares	7,168,695	1,017,565
Total capital stock	7,368,695	1,217,565
Surplus (deficit):		
Deficit	(2,313,669)	(427,698)
Adjustment of aircraft valuation (Note 3)	-	500,000
Net surplus (deficit)	(2,313,669)	72,302
Total shareholders' equity	5,055,026	1,289,867
TOTAL	$12,777,499	$8,480,914

Approved by the Board:

.... Director

.... Director

The accompanying notes are an integral part of the financial statements.

TRANSAIR LIMITED

STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1969

(with 1968 figures for comparison)

	1969	1968
OPERATING REVENUE..	$ 8,501,254	$6,363,437
OPERATING EXPENSES:		
General operating and administrative expenses..........	8,705,432	5,839,644
Interest ($326,588 on long-term debt; $108,854 in 1968)	403,748	170,958
Remuneration of directors and senior officers..........	145,729	156,203
	9,254,909	6,166,805
INCOME (LOSS) FROM OPERATIONS before the following deductions..	(753,655)	196,632
Provision for depreciation and amortization............	1,260,010	960,460
Gain (loss) on disposal of fixed assets................	(6,996)	1,731
	1,267,006	958,729
LOSS BEFORE EXTRAORDINARY ITEM...........................	(2,020,661)	(762,097)
EXTRAORDINARY ITEM - reduction of aircraft valuation (Note 8)..	338,257	-
LOSS FOR THE YEAR..	(2,358,918)	(762,097)
SURPLUS (DEFICIT) AT BEGINNING OF THE YEAR:		
As previously reported.................................	(317,469)	376,579
Adjustments of 1968 loss (Note 9)......................	(110,229)	-
As restated..	(427,698)	376,579
Transfer of adjustment of aircraft valuation (Note)..	500,000	-
Costs of issuing shares................................	(13,053)	-
Dividends paid on 70¢ preference shares................	(14,000)	(14,000)
Adjustment of prior years' losses......................	-	(28,180)
DEFICIT AT END OF THE YEAR...............................	$(2,313,669)	$ (427,689)

TRANSAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. INVESTMENT IN SHARES OF WHOLLY-OWNED SUBSIDIARY COMPANIES

As of July 31, 1969, all issued shares of Midwest Airlines Ltd. were acquired by the company for a consideration of 739,000 common shares issued from treasury to which the directors assigned a value of $5 per share.

Earnings of Midwest Airlines Ltd. for the eight month period ended December 31, 1969 amounted to $799,954. No dividends were declared or paid in this period.

The company's equity in the net assets of Aircraft Services (Western) Limited and Arctic Wings Limited, both inactive companies, was in excess of the company's investment therein by $7,863 at December 31, 1969.

Consolidated financial statements, which include the accounts of Midwest Airlines Ltd., Aircraft Services (Western) Limited and Arctic Wings Limited are distributed to the shareholders of the company.

2. EQUIPMENT PROGRAM

The company has taken delivery in 1970 of two Boeing 737-200C aircraft, including spare engines and parts, to be flown on the recently acquired routes to Toronto and on northern routes. Whereas the company originally intended to purchase the aircraft, it has arranged subsequent to the year end to lease the aircraft, including the spare engines and certain parts, for a period of 140 months from the date of delivery. Deposits previously paid on the aircraft and engines will be refunded in 1970. The company is responsible for insurance and all other operating costs of the aircraft, including maintenance and parts replacement. Improved hangar facilities have been leased from the Department of Transport to accommodate, with some modifications, the Boeing 737 aircraft.

Lease payments for the next five years will be as follows:

1970...................	$1,972,000
1971...................	2,220,000
1972...................	1,935,000
1973...................	1,860,000
1974...................	1,860,000

The company has the option to purchase the aircraft in the last year of the leases for $585,000 each, including the spare engines and certain parts.

3. FIXED ASSETS

All fixed assets are recorded at cost. As explained in Note 8, the excess of the assigned values of certain aircraft over cost was written off as an extraordinary item in 1969.

Depreciation of aircraft and flight equipment is provided on a straight-line basis at rates which are sufficient to provide for amortization of the book value, less estimated residual values, of these assets over their estimated useful lives.

Maintenance and repairs are charged to income in the year incurred except for airframe and engine overhauls on major aircraft which are amortized over the equipment's service life as approved by the Air Transport Board. Upon sale or retirement of equipment, the accounts are relieved of cost and accumulated depreciation and the resulting gain or loss is carried to income.

4. DEVELOPMENTAL AND FLEET PRE-OPERATING COSTS

The balance of $186,734 represents primarily the costs of placing the two YS-11A aircraft in operation and of acquiring two Boeing 737 aircraft. Amortization of YS-11A costs, over a five year period, amounted to $27,382 in 1969 ($6,846 in 1968 restated as explained in Note 9).

5. BANK LOAN

The bank loan is secured by assignment of book debts and a floating charge debenture on all unencumbered assets. The company may not, without the consent of the bank, redeem any of the preference shares or pay any dividends on the common shares.

6. LONG-TERM DEBT

Details of long-term debt are as follows:

Secured Note A, secured by a charge against YS-11A aircraft and equipment, payable in monthly instalments of principal and interest at 6½% of $48,966 U.S. and a final payment of $797,490 U.S. due August 1, 1978 (less $312,027 principal due within one year)	$4,286,358
Conditional sale agreement covering the purchase of one DC-6AB aircraft and spare parts, payable without interest in monthly instalments of $18,000 (less $216,000 due within one year)	45,593
Mortgages (less $4,417 due within one year)	4,679
Total long-term debt	$4,336,630

7. CAPITAL STOCK

The authorized capital stock consists of 20,000 preference shares of a par value of $10 each, redeemable at $13.50 per share (including postponed dividends of $3 per share as at May 15, 1963) and entitled to a cumulative dividend of 70¢ per share per annum after that date; and 5,000,000 common shares of no par value, including 3,000,000 shares created by supplementary letters patent dated December 11, 1969.

The 20,000 70¢ preference shares are all issued and fully paid. Cumulative dividends since May 15, 1963 have been paid each year. During 1969, 491,226 common shares were issued for cash consideration at $5 per share, and 739,000 common shares were issued for the acquisition of all the outstanding shares of Midwest Airlines Ltd., as explained in Note 1. These transactions increased the number of outstanding common shares to 2,010,871 at December 31, 1969.

In conjunction with the lease of the Boeing 737-200C aircraft, referred to in Note 2, the lessor has subscribed, subsequent to December 31, 1969, for 43,000 common shares at $5 per share, to be paid upon delivery of the aircraft.

At December 31, 1969, options were outstanding to purchase 488,774 common shares including options to purchase 400,000 shares at $5 per share expiring August 30, 1972, and other options on 88,774 shares at prices ranging from $4.61 to $6.25 per share, expiring at various dates to March 1974.

8. EXTRAORDINARY ITEM

The extraordinary item represents an adjustment to the valuation of Viscount and DC3 aircraft to reduce their net book value to an appropriate residual value at December 31, 1969. The adjustment of $338,257 represents the assigned value of $500,000, placed on the aircraft in 1966, less depreciation recorded thereon to December 31, 1969.

The company has also transferred to deficit the balance of $500,000 previously shown under surplus as "Adjustment of Aircraft Valuation".

9. ADJUSTMENTS OF 1968 LOSS

Following settlement of the purchase agreement with Nihon Aeroplane Manufacturing Co. Ltd., under which the company retained and continued to operate the YS-11A aircraft, the company has recorded adjustments in the 1969 accounts for depreciation, interest, amortization of deferred expenses and other expenses relating to the year ended December 31, 1968. The net amount of these additional expenses of $110,229 has been shown as a restatement of the previously reported balance of surplus at December 31, 1968, and the 1968 comparative figures have been correspondingly restated.

In addition, the 1968 comparative figure for the current portion of long-term debt has been restated to include an additional $514,626 pertaining to the YS-11A purchase which, because the purchase agreement was still under negotiation at December 31, 1968, had not been included as a current liability at that date.

10. INCOME TAXES

The company has an accounting loss carry forward which if it can be applied against future earnings, would reduce income taxes by approximately $1,200,000 ($980,000 relating to 1969).

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world *Chartered Accountants*

1600 - ONE LOMBARD PLACE WINNIPEG 2, CANADA

To the Directors of
Transair Limited:

We have examined the balance sheet of Transair Limited as at December 31, 1969 and the statement of loss and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving effect to the restatements referred to in Note 9 to the financial statements.

Deloitte Plender Haskins & Sells

May 1, 1970. Auditors.

MIDWEST AIRLINES LTD.

(Incorporated under The Companies Act, Manitoba)

BALANCE SHEET AS AT DECEMBER 31, 1969

ASSETS

CURRENT ASSETS:		
Cash		$ 2,533
Accounts and notes receivable		477,073
Insurance claims receivable		154,712
Inventories - at cost:		
Maintenance and replacement parts	$27,117	
Aviation fuel and oil	40,508	
Refundable fuel drums	28,332	95,957
Prepaid expenses		5,598
Total current assets		735,873
DEPOSITS ON AIRCRAFT		36,000
PROPERTY AND EQUIPMENT - at cost (Note 1)		5,625,875
Less accumulated depreciation		867,526
Net property and equipment		4,758,349
TOTAL		$5,530,222

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Bank loan (Note 2)	$ 930,000
Accounts payable and accrued charges	522,919
Unearned passenger revenue	14,748
Long-term debt due within one year	305,726
Total current liabilities	1,773,393
DEFERRED INCOME TAXES (Note 3)	985,395
LONG-TERM DEBT, less current portion included above (Note 4)	1,384,213
SHAREHOLDERS' EQUITY:	
Capital stock (Note 6):	
Authorized:	
1,000,000 common shares without nominal or par value	
Issued:	
600,000 common shares	13,000
Retained earnings	1,374,221
Total shareholders' equity	1,387,221
TOTAL	$5,530,222

The accompanying notes are an integral part of the financial statements.

MIDWEST AIRLINES LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1969

NET OPERATING REVENUE	$2,527,290
OPERATING EXPENSES:	
Ground and flight maintenance	433,175
Flight operations	841,637
General and administrative (including remuneration of directors and senior officers of $64,275)	258,770
	1,533,582
INCOME FROM OPERATIONS BEFORE THE UNDERNOTED	993,708
DEPRECIATION	291,172
INTEREST EXPENSE (including interest on long-term debt of $60,878)	131,378
GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT	(37,796)
	384,754
INCOME BEFORE INCOME TAXES	608,954
INCOME TAXES - deferred (Note 3)	309,000
NET INCOME FOR THE PERIOD	299,954
RETAINED EARNINGS AT BEGINNING OF THE PERIOD	1,074,267
RETAINED EARNINGS AT END OF THE PERIOD	$1,374,221

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	Rate
Land	$ 28,720	$ -	-
Buildings	96,515	43,312	5%
Flight equipment	5,299,616	734,002	8 1/3 - 20%
Other equipment	134,422	57,483	20%
Automobiles and trucks	62,408	32,170	30%
Leasehold improvements	4,194	559	20%
	$5,625,875	$867,526	

Depreciation has been provided on a straight-line basis for flight equipment and on a diminishing balance basis for all other assets at the rates shown above.

2. BANK LOAN

The bank loan is secured by an assignment of accounts receivable and by a floating charge debenture on all unencumbered assets.

3. DEFERRED INCOME TAXES

The current and accumulated provisions for deferred income taxes have arisen as a result of claiming capital cost allowances in excess of recorded depreciation sufficient to eliminate taxable income.

4. LONG-TERM DEBT:

Long-term debt represents notes payable (in pounds sterling) on the purchase of two Hawker-Siddeley 748 Series 2A aircraft, secured by chattel mortgage and debenture, at 5½% to 6½% interest, repayable in semi-annual instalments of $152,863 to 1973, and of $73,616 from 1974 to 1977 (less $305,726 principal due within one year)

5. COMMITMENTS

The company has ordered four Argosy aircraft and related spare parts at a cost of approximately $4,000,000, for which long-term financing has been arranged subsequent to the year end, providing for repayment over five years with interest at 7.64% per annum.

6. CAPITAL STOCK

The company was formed by the amalgation of Midwest Aviation Ltd. and Northland Airlines Ltd. as at May 2, 1969. The 600,000 common shares were issued at that date for $13,000, being the paid up capital of the two predecessor companies.

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world *Chartered Accountants*

1600 - ONE LOMBARD PLACE WINNIPEG 2, CANADA

To the Directors of
Transair Limited:

We have examined the balance sheet of Midwest Airlines Ltd. as at December 31, 1969 and the statement of income and retained earnings for the eight months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations for the eight months then ended, in accordance with generally accepted accounting principles consistently applied.

Deloitte Plender Haskins & Sells

May 1, 1970.

TRANSAIR LIMITED

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969

(with 1968 figures for comparison)

ASSETS

	1969	1968 (Note 1)
CURRENT ASSETS:		
Cash	$ 64,004	$ 71,582
Accounts receivable	1,454,805	869,359
Insurance claims receivable	154,712	-
Recoverable equipment deposits (Note 2)	641,971	-
Inventories of parts, supplies, gasoline and oil - at cost	834,794	582,017
Prepaid expenses	95,962	124,157
Total current assets	3,246,248	1,647,115
MORTGAGE RECEIVABLE	13,500	22,500
DEPOSITS ON AIRCRAFT	36,000	264,963
PROPERTY AND EQUIPMENT (Notes 2, 3 and 10):		
Aircraft and flight equipment	14,030,488	8,234,720
Land, buildings and ground equipment	1,752,063	1,414,170
	15,782,551	9,648,890
Less accumulated depreciation	4,754,665	3,346,069
Net fixed assets	11,027,886	6,302,821
DEVELOPMENTAL AND FLEET PRE-OPERATING COSTS - less amounts amortized (Note 4)	186,734	153,467
TOTAL	$14,510,368	$8,390,866

Approved by the Board:

.... Director

.... Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968 (Note 1)
CURRENT LIABILITIES:		
Bank loans (Note 5)	$ 1,815,000	$ 817,000
Accounts payable and accrued liabilities	2,403,713	1,602,932
Current portion of long-term debt	838,170	518,778
Total current liabilities	5,056,883	2,938,710
LONG-TERM DEBT, less current portion included above (Note 6)	5,720,843	4,162,289
DEFERRED INCOME TAXES (Note 7)	985,395	-
SHAREHOLDERS' EQUITY:		
Capital stock (Note 8):		
70¢ preference shares	200,000	200,000
Common shares	3,486,695	1,017,565
Total capital stock	3,686,695	1,217,565
Surplus (deficit):		
Deficit	(939,448)	(427,698)
Adjustment of aircraft valuation (Note 10)	-	500,000
Net surplus (deficit)	(939,448)	72,302
Total shareholders' equity	2,747,247	1,289,867
TOTAL	$14,510,368	$8,390,866

The accompanying notes are an integral part of the financial statements.

TRANSAIR LIMITED

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968 (Note 1)
OPERATING REVENUE	$11,028,544	$6,363,437
OPERATING EXPENSES:		
General operating and administrative expenses (Note 9)	10,353,943	5,994,116
Depreciation and amortization	1,551,182	960,460
Interest ($387,466 on long-term debt; $108,854 in 1968)	535,126	170,958
	12,440,251	7,125,534
LOSS BEFORE TAXES AND EXTRAORDINARY ITEM	(1,411,707)	(762,097)
DEFERRED INCOME TAXES (Note 7)	309,000	-
LOSS BEFORE EXTRAORDINARY ITEM	(1,720,707)	(762,097)
EXTRAORDINARY ITEM - reduction of aircraft valuation (Note 10)	(338,257)	-
LOSS FOR THE YEAR	(2,058,964)	(762,097)
SURPLUS (DEFICIT) AT BEGINNING OF THE YEAR:		
As previously reported	(317,469)	376,579
Adjustments of 1968 loss (Note 11)	(110,229)	-
As restated	(427,698)	376,579
Surplus of merged company at May 2, 1969 (Note 1)	1,074,267	-
Transfer of adjustment of aircraft valuation (Note 10)	500,000	-
Costs of issuing shares	(13,053)	-
Dividends paid on 70¢ preference shares	(14,000)	(14,000)
Adjustment of prior years' losses	-	(28,180)
	1,547,214	(42,180)
DEFICIT AT END OF THE YEAR	$ (939,448)	$ (427,698)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1969

(with comparative figures for 1968)

	1969	1968 (Note 1)
FUNDS PROVIDED:		
Operations, excluding charges not affecting working capital	$ 443,528	$ 196,632
Issue of common shares (Note 8)	2,456,130	-
Long-term debt	1,939,139	4,667,765
Sale of fixed assets	538,510	7,860
Deposits to be refunded in 1970	264,963	-
	5,642,270	4,872,257
FUNDS APPLIED:		
Capital expenditures	3,870,442	5,239,120
Repayment of long-term debt	1,032,560	4,603
Transfer of current portion of long-term debt	160,892	514,626
Developmental and fleet pre-operating costs	64,597	141,527
Dividends on preferred shares	14,000	14,000
Refundable deposits	-	264,963
Other	14,740	50,680
	5,157,231	6,229,519
INCREASE (DECREASE) IN WORKING CAPITAL	485,039	(1,357,262)
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE YEAR	(1,291,595)	65,667
WORKING CAPITAL (DEFICIENCY) OF POOLED COMPANY AS AT MAY 2, 1969 (Note 1)	(1,004,079)	-
WORKING CAPITAL (DEFICIENCY) AT END OF THE YEAR	$(1,810,635)	$(1,291,595)

The accompanying notes are an integral part of the financial statements.

TRANSAIR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. BASIS OF STATEMENT PRESENTATION

As of July 31, 1969 all issued shares of Midwest Airlines Ltd. were acquired by Transair Limited for a consideration of 739,000 shares issued from treasury to which the directors assigned a value of $5.00 per share. Midwest Airlines Ltd. was created on May 2, 1969 by statutory amalgamation of two predecessor companies.

For accounting purposes the acquisition has been treated as a "pooling of interests". As a result:

(a) The accompanying consolidated balance sheet as at December 31, 1969 (which consolidates the accounts of the company, Midwest Airlines Ltd., and two inactive subsidiaries, Artic Wings Limited and Aircraft Services (Western) Limited) reflects the carry forward of the assets and liabilities of the newly merged subsidiary at the same book values as shown in its accounts at the date of merger.

(b) The accompanying consolidated statements of loss and deficit and source and application of funds reflect the combined results of operations of the company for the year ended December 31, 1969 and the newly merged subsidiary for the period from its creation by amalgamation on May 2, 1969 to December 31, 1969. No amounts relative to Midwest Airlines Ltd. are included prior to May 2, 1969 because the predecessor companies to Midwest Airlines Ltd. did not have common fiscal periods, and accounting practices and procedures were not in conformity one with the other (nor with those of the amalgamated company and Transair Limited).

(c) The comparative figures for the year 1968 reflect only the consolidated financial position of the company and its inactive subsidiaries at December 31, 1968 and its consolidated operating results and source and application of funds for the year ended on that date. For reasons stated in (b) above, no amounts are included relative to Midwest Airlines Ltd.

(d) The issue of 739,000 common shares with an assigned value of $3,695,000 for the acquisition of Midwest Airlines Ltd. resulted in the company's capital stock account being increased by $13,000, equivalent to the paid-in capital of the merged company.

2. EQUIPMENT PROGRAM

The company has taken delivery in 1970 of two Boeing 737-200C aircraft, including spare engines and parts, to be flown on the recently acquired routes to Toronto and on northern routes. Whereas the company originally intended to purchase the aircraft, it has arranged subsequent to the year end to lease the aircraft, including the spare engines and certain parts, for a period of 140 months from the date of delivery. Deposits previously paid on the aircraft and engines will be refunded in 1970. The company is responsible for insurance and all other operating costs of the aircraft, including maintenance and parts replacement. Improved hangar facilities have been leased from the Department of Transport to accommodate, with some modifications, the Boeing 737 aircraft.

Lease payments for the next five years will be as follows:

1970.............	$1,972,000
1971.............	2,220,000
1972.............	1,935,000
1973.............	1,860,000
1974.............	1,860,000

The company has the option to purchase the aircraft in the last year of the leases for $585,000 each, including the spare engines and certain parts.

Other commitments for the purchase of four Argosy aircraft and related spare parts amount to approximately $4,000,000, for which long-term financing has been arranged subsequent to the year end, providing for repayment over five years with interest at 7.64% per annum.

3. FIXED ASSETS

All fixed assets are recorded at cost. As explained in Note 10, the excess of the assigned values of certain aircraft over cost was written off as an extraordinary item in 1969.

Depreciation of aircraft and flight equipment is provided on a straight-line basis at rates which are sufficient to provide for amortization of the book value, less estimated residual values, of these assets over their estimated useful lives.

Maintenance and repairs are charged to income in the year incurred except for airframe and engine overhauls on major aircraft which are amortized over the equipment's service life as approved by the Air Transport Board. Upon sale or retirement of equipment, the accounts are relieved of cost and accumulated depreciation and the resulting gain or loss is carried to income.

4. DEVELOPMENTAL AND FLEET PRE-OPERATING COSTS

The balance of $186,734 represents primarily the costs of placing the two YS-11A aircraft in operation and of acquiring two Boeing 737 aircraft. Amortization of YS-11A costs, over a five year period, amounted to $27,382 in 1969 ($6,846 in 1968 restated as explained in Note 11).

5. BANK LOANS

Bank loans are secured by assignments of book debts and floating charge debentures on all unencumbered assets. The company may not, without the consent of the bank, redeem any of the preference shares or pay any dividends on the common shares.

6. LONG-TERM DEBT

Details of long-term debt are as follows:

Secured Note A, secured by a charge against YS-11A aircraft and equipment, payable in monthly instalments of principal and interest at 6½% of $48,966 U.S. and a final payment of $797,490 U.S. due August 1, 1978 (less $312,027 principal due within one year)	$4,286,358
Notes payable (in pounds sterling) on the purchase of two Hawker-Siddeley 748 Series 2A aircraft, secured by chattel mortgage and debenture, at 5½% to 6½% interest, repayable in semi-annual instalments of $152,863 to 1973, and of $73,616 from 1973 to 1977 (less $305,726 principal due within one year)	1,384,213
Conditional sale agreement covering the purchase of one DC-6AB aircraft and spare parts, payable without interest in monthly instalments of $18,000 (less $216,000 due within one year)	45,593
Mortgages (less $4,417 due within one year)	4,679
	$5,720,843

7. DEFERRED INCOME TAXES

The current and accumulated provisions for deferred income taxes relate to the operations of Midwest Airlines Ltd., and have arisen as a result of claiming capital cost allowances in excess of recorded depreciation, sufficient to eliminate taxable income. Transair Limited has an accounting loss carry forward which if it can be applied against future earnings, would reduce income taxes by approximately $1,200,000 ($980,000 relating to 1969).

8. CAPITAL STOCK

The authorized capital stock consists of 20,000 preference shares of a par value of $10 each, redeemable at $13.50 per share (including postponed dividends of $3 per share as at May 15, 1963) and entitled to a cumulative dividend of 70¢ per share per annum after that date; and 5,000,000 common shares of no par value, including 3,000,000 shares created by supplementary letters patent dated December 11, 1969.

The 20,000 70¢ preference shares are all issued and fully paid. Cumulative dividends since May 15, 1963 have been paid each year. During 1969, 491,226 common shares were issued for cash consideration at $5 per share and 739,000 common shares were issued for the acquisition of all the outstanding shares of Midwest Airlines Ltd., as explained in Note 1. These transactions increased the number of outstanding common shares to 2,010,871 at December 31, 1969

In conjunction with the lease of the Boeing 737-200C aircraft, referred to in Note 2, the lessor has subscribed, subsequent to December 31, 1969, for 43,000 common shares at $5 per share, to be paid upon delivery of the aircraft.

At December 31, 1969, options were outstanding to purchase 488,774 common shares including options to purchase 400,000 shares at $5 per share expiring August 30, 1972, and other options on 88,774 shares at prices ranging from $4.61 to $6.25 per share, expiring at various dates to March 1974.

9. EXPENSES

Expenses include remuneration of directors and senior officers of $210,004 ($156,203 in 1968) and gain on sale of fixed assets of $30,800 ($1,731 in 1968).

10. EXTRAORDINARY ITEM

The extraordinary item represents an adjustment to the valuation of Viscount and DC3 aircraft to reduce their net book value to an appropriate residual value at December 31, 1969. The adjustment of $338,257 represents the assigned value of $500,000, placed on the aircraft in 1966, less depreciation recorded thereon to December 31, 1969.

The company has also transferred to deficit the balance of $500,000 previously shown under surplus as "Adjustment of Aircraft Valuation".

11. ADJUSTMENTS OF 1968 LOSS

Following settlement of the purchase agreement with Nihon Aeroplane Manufacturing Co. Ltd., under which the company retained and continued to operate the YS-11A aircraft, the company has recorded adjustments in the 1969 accounts for depreciation, interest, amortization of deferred expenses and other expenses relating to the year ended December 31, 1968. The net amount of these additional expenses of $110,229 has been shown as a restatement of the previously reported balance of surplus at December 31, 1968, and the 1968 comparative figures have been correspondingly restated.

In addition, the 1968 comparative figure for the current portion of long-term debt has been restated to include an additional $514,626 pertaining to the YS-11A purchase which, because the purchase agreement was still under negotiation at December 31, 1968, had not been included as a current liability at that date.

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world *Chartered Accountants*

1600 - ONE LOMBARD PLACE WINNIPEG 2, CANADA

To the Shareholders of
Transair Limited:

We have examined the consolidated balance sheet of Transair Limited and wholly-owned subsidiary companies as at December 31, 1969 and the consolidated statements of loss and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving effect to the restatements referred to in Note 11 to the consolidated financial statements.

Deloitte Plender Haskins & Sells

May 1, 1970. Auditors.

8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	N I L
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company's plan for the immediate future is to implement the merger of the operations of Transair and Midwest to the best competitive and economic advantage. The acquisition through a leasing arrangement of two Boeing 737 jet aircraft provides the Company with up to date equipment for the operation of a recently awarded franchise serving Winnipeg, Thunder Bay, Sault Ste. Marie and Toronto. This route permits the Company access to the Metropolitan Toronto market and will stimulate the traffic potential of Transair under the Federal Regional Air Policy. Further development through plant and personnel consolidation will produce beneficial economies, and a more cohesive operation. It is planned to develop a greater cargo capacity through the re-deployment of the Company's aircraft with accent on Arctic operations.
10. Brief statement of company's chief development work during past year.	(i) The reorganization of the Northern Manitoba services, in order to provide connections between all locations formerly served by separate route structures. Thompson, Manitoba, was made the hub of Northern Manitoba operations. (ii) In July 1969 regularly scheduled service Winnipeg-Kenora-Dryden-Thunder Bay was commenced.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Transair Common Shares J. S. McBride, 3400 Assiniboine Avenue, Winnipeg 22, Manitoba. — 442,845 M. R. McBride, 3400 Assiniboine Avenue, Winnipeg 22, Manitoba — 555 Lazarenko Investments Ltd., 836 Kildonan Drive, Winnipeg 15, Manitoba. — 147,800 The B. Manschewitz Corp., 9 Clinton Street, Newark, New Jersey 07102, U.S.A. — 147,800 Total — 739,000 The consideration for the acquisition of all of the issued and outstanding shares of Midwest Airlines Ltd. is the issuance of 1.23166 Common Shares of Transair for each 1 Common Share of the issued and outstanding shares of Midwest Airlines Ltd. An approximate market value for the treasury shares of Transair is considered to be $5.00. This transaction was carried out completely at arms length.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Same names and addresses as in No. 11 above.
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	833,000 Common Shares of Transair Limited are or will be held in escrow under Voting Trust Agreements held by Canada Permanent Trust Company as Trustee. The Agreements provide for the retention of the shares, the right of first or second refusal on disposal, and the orderly marketing of all or part of the shares. The Agreements terminate September 30, 1974.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	No. of Shares Little Long Lac Gold Mines Limited, 112 King Street West, Toronto 1, Ontario. — 240,000 Great Northern Capital Corporation Limited, 123 Edward Street, Toronto 101, Ontario. — 200,000 James Stuart McBride, 3400 Assiniboine Avenue, Winnipeg 22, Manitoba. — 393,000 All the above hold more than 5% of the escrowed shares (refer Item 13).

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Canada Permanent Trust Company, 1901 Yonge Street, Toronto, Ontario. — **833,000 (Note 1) Lazarenko Investments Ltd., 836 Kildonan Drive, Winnipeg 15, Manitoba. — 147,800 (Note 1) The B. Manschewitz Corp., 9 Clinton Street, Newark, New Jersey 07102, U.S.A. — 147,800 (Note 1) R. W. Pressprich & Co., 80 Pine Street, New York, N.Y. 1005, U.S.A. (Beneficial ownership Kuwait Government Pension Fund) — 160,000 Standard Securities Limited, 185 Bay Street, Toronto, Ontario. (Beneficial ownership unknown) — 62,533 Roycan & Co., c/o The Royal Bank of Canada, Box 6007, Montreal, P.Q. (Beneficial ownership unknown) — 54,600 J. A. Richardson & Co. Limited, 4 King Street West, Toronto 1, Ontario. (Beneficial ownership unknown) — 43,517 **Canada Permanent Trust Company holds or will hold 833,000 shares subject to an escrow agreement referred to in Item 13. Note 1: These shares are referred to in Items 11 and 13, and the issuance of same is subject to the approval of the Toronto Stock Exchange, the Winnipeg Stock Exchange and other Governmental authorities.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Little Long Lac Gold Mines Limited, Great Northern Capital Corporation Limited and James Stuart McBride acting together are in a position to affect control of the Company.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	see table below
18. Brief statement of any lawsuits pending or in process against company or its properties.	NONE
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Lease agreements dated March 4, 1970 covering two Boeing 737-200C jet aircraft, spare engines and certain spare parts, for a period of 140 months from date of delivery. Deposits previously paid on aircraft and engines will be refunded in 1970. Lease payments for each aircraft will be payable monthly as follows: one payment of $200,000, twenty-three payments of $92,500 each, ninety-six payments of $77,500 each, and twenty payments of $50,000 each. The Company has the option to purchase the aircraft in the last year of the lease for $585,000 including the spare engines and certain parts.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts, and there are no shares of the Company in the course of primary distribution.

Item 17:

	Shares	At Cost
Midwest Airlines Ltd.	600,000	3,695,000
**Aircraft Services (Western) Limited	2,000	515
**Arctic Wings Limited	21,744	81,670

**Denotes Non-Active Subsidiary Company

CERTIFICATE OF THE COMPANY DATED April 6, 1970

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"P.A. ALLEN" P A Allen
Director

"D.J. WILKINS" D J Wilkins
Director

CORPORATE SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)